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SUMMARY RECORD OF THE 26th MEETING

Chairman: Mr. HADID (Algeria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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General debate

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The meeting was called to order at 10.25 a.m.

AGENDA ITEM 121: REVIEW OF THE EFFICIENCY OF ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/48/16 (Parts I and II), A/48/277, A/48/281, A/48/420 and Add.1 and Corr.1, A/48/428, A/48/452, A/48/640)

1. Mr. TAKASU (Controller) said that debate in the Fifth Committee had confirmed that the current planning system suffered from shortcomings, a view also expressed at the ad hoc technical seminar of experts. The current medium-term plan did not fully meet the needs of the Organization in a fast-changing world. Nevertheless, the fundamental principles of programme planning had been validated, and the need for the programme budget to be placed within a framework of principal policy directives had been reaffirmed. The Secretariat regretted that it had not proved possible to prepare a prototype of a possible new format of the medium-term plan in time for consideration by the Committee for Programme and Coordination and the Fifth Committee at the current session.

2. Regarding the difference between the current Introduction to the plan and the proposed policy-level "Perspective", the Introduction had focused on activities rather than objectives. The "Perspective" would give Member States the Secretary-General's perception of problems and challenges and the role of the Organization, and would seek a commitment by Member States in meeting those challenges. The "Perspective" was intended to inspire the programme of work of the Organization.

3. With respect to the allocation of resources by the Secretariat to the various subprogrammes, he noted that the first stage was the allocation of resources among major programmes under the budget outline. The Secretary-General, in making detailed programme budget proposals, took account of the priorities indicated by the General Assembly and other legislative organs. under the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, subprogrammes with the highest priority had first claim on resources. The programme budget for any biennium was based on the revised appropriations for the preceding biennium, any change from which was clearly indicated in order to allow the General Assembly to determine whether the proposed allocation of resources was appropriate. Regarding the statement in the CPC report (A/48/16 (Part II), para. 235) that the narrative of substantive subprogrammes should consist of clearly formulated objectives designed to bring about observable change, one of the major shortcomings of the current medium-term plan was the lack of such a clear statement of objectives. The CPC proposal would mean that Member States would be better able to assess whether specific activities were of relevance to objectives and whether subprogrammes ultimately met their stated objective.

4. Turning to the distinction between the current programme performance report and the CPC recommendation that programme and budget performance reports should detail the achievements relative to the objectives of the programme framework and the resources of the programme budget, it appeared that CPC wished to see a

programmatic analysis providing an indication of how activities had contributed to the attainment of objectives rather than a simple quantitative statement.

5. Mrs. GOICOCHEA (Cuba) said that she welcomed the proposal by CPC to shift from a quantitative to a qualitative approach in the programme and budget performance reports since that would enable Member States to assess better the extent to which objectives had been attained. It was true that the current planning process suffered from deficiencies, and that the regulations must be improved. Certainly the current medium-term plan did not fully reflect the tasks now being undertaken by the Organization. The CPC proposal for a "Prospective" should be interpreted as meaning a statement of mandates authorized by Member States embracing recurrent and existing as well as new problems and challenges. Otherwise there was a risk that economic and social issues would be overlooked. Her delegation was concerned to know what the precise impact would be of the proposed changes in programme narratives.

6. She sought clarification from the Secretariat concerning the opportunity for the relevant organ of the General Assembly to consider the proposed incorporation of the Office for Project Services within the Department for Development Support and Management Services. Further, in the absence of a report by the Advisory Committee, she wondered how the Fifth Committee intended to proceed with the estimates relating to units engaged in preventive diplomacy and peacemaking, in connection with which there appeared to be some overlapping of functions.

7. Miss PEÑA (Mexico) asked how the Office for Inspections and Investigations would coordinate with the Joint Inspection Unit and the Board of Auditors, a point which was not covered in the note by the Secretary-General (A/48/640). Equally, the role of CPC in connection with the performance evaluation functions of the new Office was not clear.

8. Mr. BARIMANI (Islamic Republic of Iran) asked whether the Office for Inspections and Investigations had been established in response to General Assembly decision 47/454, or whether it represented a separate initiative.

9. Mr. SPAANS (Netherlands) asked how the Secretariat intended to respond to the comments of CPC on the report of the Secretary-General on the accountability and responsibility of programme managers (A/48/452). He noted the emphasis in the note on the Office for Inspections and Investigations (A/48/640) on the "policing" function rather than the improvement of management, which seemed to indicate a lack of balance between the need for controls and the need for improved management. In his comments on the Joint Inspection Unit's report on accountability and oversight (A/48/420/Add.1), the Secretary-General had indicated that the establishment of new inspection functions would not necessarily guarantee improvements in management. It seemed to his delegation that the three documents in question gave different messages, and a synthesis by the Controller would be welcome.

10. Mr. TAKASU (Controller) said that should the General Assembly accept the CPC recommendations on accountability and responsibility of programme managers, the Secretariat would immediately begin preparations for the establishment of a system that would meet the concerns of Member States. The process would begin internally, but Member States would be involved at an early stage so as to ensure that the system was established, as recommended by CPC, no later than 1 January 1995. The establishment of the Office for Inspections and Investigations did not mean that the authority of CPC, JIU or the Board of Auditors would be infringed upon. The intention was to strengthen and not undermine their authority. The Secretary-General recognized the existence of weaknesses in oversight, and saw the establishment of the Office for Inspections and Investigations as an essential component in establishing an appropriate system by January 1995.

11. It was important to appreciate that the establishment of an independent oversight function was not enough in itself, there was also a need for an internal oversight function. The strengthening of the latter mechanism must go hand in hand with improvements in internal control. Further, the establishment of broader authority for audit evaluation and investigation must intermesh with existing external oversight mechanisms.

12. Mr. ABRASZEWSKI (Joint Inspection Unit) said that the Joint Inspection Unit welcomed the statement by the Controller that the Secretariat intended to cooperate with JIU on the establishment of a system of accountability and oversight. In that connection, he noted that JIU was preparing a report which might be of help to the Secretariat.

13. Mrs. GOICOCHEA (Cuba) said that it was still not clear how the Secretariat intended to proceed in order to allow the Second Committee to consider the proposed restructuring involving the Office for Project Services and the Department for Development Support and Management Services. In that connection, she drew the Committee's attention to paragraph 6 of General Assembly resolution 47/212 B.

14. The CHAIRMAN said that the Committee would examine the question of the Office of Project Services in the light of the views of the Advisory Committee and of the UNDP Governing Council, under agenda item 123.

AGENDA ITEM 123: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995 (continued) (A/48/6, A/48/16 (Parts I and II) and A/48/32/Rev.1/Add.1; A/C.5/48/9 and Corr.1 and A/C.5/48/26)

General debate

15. Mrs. FRECHETTE (Canada), speaking also on behalf of Australia and New Zealand, expressed regret that the proposed programme budget had been submitted late to the Committee and also that it was incomplete. Although the restructuring might have made it difficult to submit the budget estimates exactly in accordance with the rules, the fact that the internal management structure of some programmes had changed did not justify the presentation of incomplete information well outside the timetable set in General Assembly

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resolution 41/213. In the implementation of the budget for the biennium 1994-1995, Member States wished to see evidence of a commitment to good management. The Secretariat must demonstrate at all levels that it was constantly evaluating its own performance, not only in the formal sense demanded in the rules governing the programme budget but also in the sense of a commitment to manage all the resources provided in the best interest of Member States.

16. The delegations of the three countries were ready to work with the Secretariat to provide the resources the United Nations needed to carry out its work over the next two years. They would like to see four particular issues addressed in the budget resolution for the biennium 1994-1995: the proposed programme budget's policy objectives; the provisions for unforeseen and extraordinary expenditure during the biennium; the need for strong oversight by Member States of the cost assumptions leading to the final estimate; and a commitment to control of over-spending and clear reporting on all types of expenditure, whether funded from the regular budget, the peace-keeping support account or extrabudgetary sources.

17. Australia, Canada and New Zealand endorsed the broad policy objectives outlined in the budget, in particular, the increase in the resources allocated to peace-keeping and peacemaking, to the promotion of human rights and to the management of humanitarian emergencies. The proposals in the budget for strengthening the Department of Peace-keeping Operations were justified, although the resources allocated to it might still prove inadequate. As noted by the Committee for Programme and Coordination (CPC), the programme budget did not give a complete picture of the complexity of that vital United Nations activity, to which a majority of Member States currently made significant additional contributions, by contributing troops or seconding personnel. The full value of those contributions was not shown either in the programme budget or in the budgets for peace-keeping operations. A complete picture of the Department's requirements would require a full accounting of all sources of resources.

18. The proposed increase in resources for the Centre for Human Rights was also acceptable, although even the amount proposed might not be enough to allow the Centre's mandate to be carried out as effectively as Member States wished. The World Conference on Human Rights had stressed the importance of making the United Nations more effective in the field of human rights. The further proposals referred to in paragraph 33 of Part I of the proposed programme budget should be put to the General Assembly before the end of the current session and discussed at the same time as the section on the Centre for Human Rights.

19. The Secretary-General had also proposed an increase in resources for the Department of Humanitarian Affairs. Australia, Canada and New Zealand concurred with the CPC recommendation that the Department needed to be strengthened. In particular, they endorsed the transfer to the regular budget of certain core posts and functions that had been supported by voluntary contributions. A multilateral coordinated response to disasters and emergencies of all types deserved the support of Member States. The proposed allocations were the

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minimum required and, if resources could be released from elsewhere, the Department could benefit from transfers, since the regular budget resources proposed did not match its expanded responsibility. They were convinced that there were sections of the programme budget in which further resources could be found to provide moderate increases in all three of the sectors mentioned.

20. Unfortunately, it was far from clear that the restructured economic and social sectors had been organized in such a way as to lead to a clearer division of responsibilities and labour and thus to greater effectiveness in programme delivery. For example, the Committee was being asked to approve funds for programmes where there was no management at all, such as natural resources and energy. It was difficult for the Committee to approve an allocation of some $10 million from the regular budget while at the same time it was being asked to note that about $40 million from extrabudgetary sources would be spent on technical assistance in those areas over the next two years, with no more explanation than that details of the new distribution of responsibilities and corresponding redeployment of resources attached to the programmes on energy and natural resources were still the subject of consultations between the Secretariat and the entities concerned. Moreover, extrabudgetary resources financed a large part of the activities planned in the economic and social sectors.

21. The second major cause of concern was the absence of any proposal for unforeseen and extraordinary expenditure over the next two years. In "An Agenda for Peace" (A/47/277), and on many other occasions, the Secretary-General had noted that he lacked adequate powers to finance the launching of new peace-keeping missions. So far, the Secretariat had made no proposal for revising the provision for unforeseen and extraordinary expenditure during the biennium 1994-1995. Did it regard the authorization given to the Secretary-General to spend up to $3 million a year, or $10 million with the prior consent of the Advisory Committee on Administrative and Budgetary Questions, as adequate? Australia, Canada and New Zealand believed that those authorizations should be revised. The failure of the Secretariat to submit any proposals in that connection was another example of the incompleteness of the budget proposals.

22. The third, and perhaps most important point, was the need for overall economies. In their comments on the programme budget outline in 1992, Australia, Canada and New Zealand had made it clear that they could no longer endorse a procedure whereby Member States agreed without question to an automatic formula for cost escalation. General Assembly resolution 47/213 on the budget outline had not included an estimate for inflation in the biennium 1994-1995 for that very reason. The two seminars on methodology organized by the Controller had helped in understanding the process leading to the submission of that estimate. As part of the process of rebuilding Member States' confidence in the accuracy of the estimates, the whole budgeting process must be simplified and made clearer. The Secretariat must tell Member States what assumptions were used in preparing the budget as well as what instructions were given to programme managers for preparing their submissions.

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23. Traditionally, Australia, Canada and New Zealand had had no hesitation in authorizing the resources needed to fund the Organization. They must, however, understand the basis for the figures. They believed that the estimates substantially overstated exchange and inflation adjustments. Moreover, the method of recosting concealed factors which should not enter into the adjustments for inflation and exchange rate changes, such as an allowance for step increases in the salary ranges. Moreover, an unrealistic average vacancy rate had been assumed. In discussing the overall estimate, all those factors would need to be closely examined. The three delegations intended to propose a general provision, as part of the resolution on the budget, calling for much clearer presentation of all those factors in the budget proposals for future bienniums.

24. The Secretariat should manage its resources in such a way as to avoid having to request funds in the performance report to cover overspending. The General Assembly had stressed the need for maximum absorption of cost increases on many occasions. The cost of the United Nations to Member States was rising at a time when many of those who paid the bulk of the assessments were being forced to cut government spending at home. The United Nations could not be funded as though it was insulated from the world economy.

25. In that connection, Australia, Canada and New Zealand fully expected that the appropriation figures adopted at the current session would be final. They did not wish to see last-minute upward changes to meet the Secretariat's most recent inflation and exchange-rate assumptions. Any revision must be clearly justified by actual expenditure that could not be absorbed. In order to improve its performance over the biennium, the Secretariat might start by implementing the recommendations in General Assembly resolution 46/185 on norms for the creation, reclassification and redeployment of posts, which should have been submitted to the forty-seventh session of the General Assembly. They intended to ask for details on the extent to which the posts proposed had been classified according to the Master Standard of the International Civil Service Commission. They would also welcome action to implement the consolidation of administrative functions called for in that resolution.

26. All reports on the implementation of the budget should be clear and comprehensible. Since the Integrated Management Information System was supposed to permit up-to-date reporting of real expenditure, beginning in 1994 such information should be communicated to Member States quarterly, together with the reports on the status of contributions.

27. The budget estimates must be seen in an overall context. Assessed contributions would cover only part of the expenditures included in the programme budget. Extrabudgetary funds from all sources constituted a very significant resource. Although the new presentation of extrabudgetary expenditure estimates was an improvement, it still did not allow the necessary comparisons to be made. According to the estimates, there would be $286 million in extrabudgetary funds to pay for Secretariat support to peace-keeping operations and for humanitarian and technical assistance projects, not including an additional $90 million in support account revenues of the UNDP Office for

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Project Services. Moreover, an estimated $240 million in voluntary grants would be spent on substantive activities during the biennium.

28. Expenditure from extrabudgetary sources equalled 20 per cent of the regular budget. The use of those funds should be as thoroughly and completely reported as expenditure under the regular budget. The report on high-level posts (A/C.5/48/9), however, did not cover any extrabudgetary expenditure and hence was incomplete. The only source of information on extrabudgetary expenditure currently available was the biennial financial statements, but they did not give a complete picture of expenditure in any one programme area. It was necessary to see what the total resources available for a programme were in order to decide on the best allocation of resources under the regular budget. Better estimation and identification of all funds would contribute to a better understanding between Member States and the Secretariat regarding the Organization's needs.

29. Australia, Canada and New Zealand remained committed to the success of the United Nations in all its spheres of activity. They asked the Secretariat to work with them to ensure that the contributions of Member States were used efficiently, economically and for the purposes intended. The Secretariat must take steps to show that the resources entrusted to it were being well managed and must demonstrate a clear commitment to keep spending within the limits approved by Member States.

30. Mr. JARAMILLO (Colombia), speaking on behalf of the members of the Group of 77 and the People's Republic of China, reiterated their commitment to strict compliance with the rules for the budgetary process in the United Nations. Genuinely democratic management of the Organization depended to a great extent on compliance with such rules. They strongly condemned, therefore, the unjustified delays in the current process and could not agree to a global spending authorization. One result of the delay was that the Committee would not have available to it the recommendations of ACABQ.

31. Nevertheless, the Group of 77 and China were ready to work diligently to guarantee that, when adopted, the budget for the biennium 1994-1995 would fully reflect the decisions of Member States. To that end, they wished to draw special attention to the technical problems encountered in calculating estimated total expenditure, to the programmatic content of the budget, and to the match between the resources allocated and the mandates and priorities agreed upon by the General Assembly.

32. On the first point, the Group of 77 and China noted with concern the flaws that had been detected in the estimated growth of resources. The way in which expected rates of inflation and the vacancy rate had been handled had led to over-estimating. In respect of the vacancy rate, the effect of the utilization of Secretariat staff in several peace-keeping operations should be clearly explained. On the other hand, the total resources proposed would probably have to increase because of the budgetary implications of such new political activities as those envisaged in South Africa.

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33. It should be remembered that the level of resources in the proposed budget was a preliminary estimate. Whatever the size of that estimate, it should be emphasized that a zero-growth budget was not automatically justified. The debate on the total financial amount should be guided by the substantive merits and efficiency of the programmes.

34. In considering the programmatic content of the proposed budget, some of the chief points made by developing countries at the most recent session of CPC should be recalled. The content and priorities of the medium-term plan should serve as the programmatic basis of the budget, so that every activity had a basis in a mandate from the General Assembly. That was not the case with several of the activities proposed by the Secretary-General in the political area, which went beyond approved mandates. On the other hand, the resources proposed for the social and economic sectors would not guarantee that mandates and priorities would be fully implemented. With regard to political activities, he noted that the legal foundation for the activities of the political Departments lay in the resolutions of the General Assembly. The Secretary-General's report "An Agenda for Peace" constituted a legal mandate only in so far as it had been endorsed by the General Assembly. The assignment of political tasks to the so-called "interim offices" of the United Nations had no legal basis and was politically unwise. An updated proposal of the Secretary-General on the matter was currently under consideration in the Second Committee. Lastly, the monitoring of elections by Resident Coordinators at the sole request of the Secretary-General lacked any legal basis. An essential requirement for such monitoring was an explicit request by the country concerned. Furthermore, the functions of the Resident Coordinators should be regarded as relating to development and not to political matters. Paradoxically, in the field of human rights, only marginal attention was given to activities aimed at making effective the right to development, which had already been recognized by the General Assembly.

35. In the economic and social sector, it was unfortunate that the report of the Secretary-General on restructuring (A/48/428) did not provide the analysis of the programmatic impact of the initiatives taken, as requested by the General Assembly. In any event, the developing countries found several deficiencies in the proposed budget in the definition of the functions of several of the units considered in General Assembly resolution 47/212 B. Clearly, additional clarification was required regarding the coordination and division of work of the three new Departments. The recommendations of CPC in that regard did not seem to have been applied, leading to a chaotic situation in several units. The Department for Sustainable Development and Policy Coordination and the Department of Economic and Social Information and Policy Analysis must clearly identify their specific contributions to the wide variety of activities in the areas of the system's various agencies and funds. Technical cooperation was one of the few tangible benefits that the developing world received from the Organization. They were concerned, therefore, that the immediate future of the Office for Project Services, as a semi-autonomous, efficient and self-financing entity, was not guaranteed by its proposed integration into the Department for Development Support and Management Services. It was doubtful that its profitability and productivity would be maintained. Also of concern was the

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Secretariat's insistence on having the Department for Development Support and Management Services concentrate on special groups of countries, such as the economies in transition or the least developed countries, contrary to explicit directives of the General Assembly.

36. The programmatic content of other key sections, in particular those on the regional commissions, was still not defined, pending additional proposals by the Secretary-General on decentralization. The Group of 77 and China intended to ensure that they complied fully with the criteria set forth by the General Assembly in resolution 47/212 B. Those criteria were essential for preventing the impact of the United Nations from being diluted in several fields, including natural resources.

37. In analysing the allocation of resources among the sections of the budget, the Group of 77 and China had been fully aware of the need for realism in order to distribute scarce resources efficiently. They did not consider, however, that the proposed budget reflected the priorities of the medium-term plan. In particular, the allocation of resources to the economic development of the developing countries and the attention paid to Africa did not properly reflect the priority assigned to them by the General Assembly.

38. Given a low-growth approach to total resources, an increase in political activities implied stagnation or reduction in the economic and social sectors. Thus, while the resources proposed for the political departments, human rights and humanitarian assistance had increased markedly, the rate of growth of the regional commissions and UNCTAD was extremely low, if not negative. Because of its multilateral, universal and neutral character, the role of the United Nations in the economic and social fields was irreplaceable. The Group of 77 and China could therefore not accept the failure to comply with the provisions of resolution 47/212 B in respect of the transfer of activities regarding science and technology and transnational corporations to UNCTAD. It seemed to confirm the fear that those units that had proved most essential for the economic and social development of the developing world were being systematically destroyed. They stood ready to reverse that trend in the approval of the budget for 1994-1995.

39. The handling of high-level posts was not consistent. Appointments in the political area were made speedily, since they were not subject to the same considerations of efficiency or duplication as applied in the economic and social fields. In contrast, the inexplicable delay in appointing the Executive Directors of Habitat and the International Trade Centre at the level agreed by Member States was incompatible with agreed programmatic priorities and the explicit directives of the General Assembly. Furthermore, Nairobi should receive the budgetary attention it deserved as a United Nations centre for the African continent.

40. The programmatic implications of the use and management of extrabudgetary resources were still unclear. The Fifth Committee had for some time emphasized that the growing importance of such resources to total available funds should be reflected in a substantive debate about their impact on the sectoral priorities

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agreed by Member States. The lack of transparency in the presentation of extrabudgetary resources still prevented the Committee from dealing with that issue, thus depriving the debate on the policy orientation of the budget of real substance.

41. Within those parameters, the Group of 77 and China stood ready to contribute to the timely approval of a programme budget that reflected the will of Member States.

The meeting rose at noon.